

SUBCHAPTER B—LOANS AND GRANTS PRIMARILY FOR REAL ESTATE PURPOSES

PART 1822—RURAL HOUSING LOANS AND GRANTS

Subparts A–F [Reserved]

Subpart G—Rural Housing Site Loan Policies, Procedures, and Authorizations

- Sec.
- 1822.261 General.
 - 1822.262 Objective.
 - 1822.263 Definitions.
 - 1822.264 Eligibility requirements.
 - 1822.265 Loan purposes.
 - 1822.266 Limitations.
 - 1822.267 Special conditions.
 - 1822.268 Rates, terms, and source of funds.
 - 1822.269 Security.
 - 1822.270 Technical, legal, and other services.
 - 1822.271 Processing applications.
 - 1822.272 Approval or disapproval of a loan.
 - 1822.273 Actions subsequent to loan approval.
 - 1822.274 Loan closing.
 - 1822.275 Actions after sites are developed.
 - 1822.276 Subsequent RHS loans.
 - 1822.277 Complaints regarding discrimination in opportunity to buy developed sites.
 - 1822.278 Special requirements for RHS section 523 loans (loans to organizations providing sites for self-help housing).
 - 1822.279 Loan supervision and servicing.
- EXHIBITS A–B TO SUBPART G [RESERVED]
EXHIBIT C TO SUBPART G—SUBORDINATION BY
THE GOVERNMENT FOR USE WITH RURAL
HOUSING SITE LOANS

AUTHORITY: 42 U.S.C. 1480; 5 U.S.C. 301; 7
CFR 2.23; 7 CFR 2.70.

Subparts A–F [Reserved]

Subpart G—Rural Housing Site Loan Policies, Procedures, and Authorizations

AUTHORITY: 5 U.S.C. 301; 42 U.S.C. 1480.

SOURCE: 35 FR 16087, July 1, 1970, unless
otherwise noted.

§ 1822.261 General.

This subpart sets forth the policies and procedures and delegates authority for making Rural Housing Site (RHS) loans under sections 523 and 524 of the Housing Act of 1949. Any processing or

servicing activity conducted pursuant to this subpart involving authorized assistance to FmHA or its successor agency under Public Law 103-354 employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with an FmHA or its successor agency under Public Law 103-354 employee. Section 523 loans are direct loans for the purchase and development of building sites for housing to be built by the self-help method; they have additional requirements which are contained in § 1822.278.

[35 FR 16087, July 1, 1970, as amended at 58
FR 224, Jan. 5, 1993]

§ 1822.262 Objective.

The basic objective of RHS loans is to assist public or private nonprofit organizations interested in providing sites for housing, to acquire and develop land in rural areas. This land will be subdivided into adequate building sites and sold on a nonprofit basis to (a) families eligible for low and moderate income section 502 Rural Housing (RH) loans, including self-help housing; (b) cooperative Rural Cooperative Housing (RCH) applicants and broadly based nonprofit Rural Rental Housing (RRH) applicants; and (c) applicants eligible for Housing and Urban Development (HUD) sections 235 and 236 insured mortgages.

§ 1822.263 Definitions.

As used in this subpart:

(a) A *private nonprofit organization* is a corporation which: is owned and controlled by private persons; is organized and operated for purposes other than making gains or profits for the corporation or members; and, is legally precluded from distributing to its members any gains or profits.

(b) A *public nonprofit organization* is a nonprofit corporation other than a private nonprofit corporation, including a

§ 1822.264

municipal corporation or other corporate agency of a State or local government.

(c) *Rural area* is open country or rural places as defined in 7 CFR part 3550, subpart A.

(d) *Development cost* means the cost of purchasing and developing the sites including engineering and legal fees, streets, roads, utilities, minimum essential administrative costs, necessary equipment and estimated interest which the borrower cannot pay from other sources.

(e) *RHS section 523 loan* means a loan to an organization which will provide sites for housing to be built by the self-help method.

(f) *RHS section 524 loan* means a loan to an organization which will provide sites for housing to be built with no limitation as to the method of construction that will be used.

(g) *OGC* means the Office of the General Counsel, including the regional attorney or attorney in charge serving the State in which the RHS project is located.

[35 FR 10687, July 1, 1970, as amended at 40 FR 52837, Nov. 13, 1975; 46 FR 61989, Dec. 21, 1981; 67 FR 78326, Dec. 24, 2003]

§ 1822.264 Eligibility requirements.

(a) *Eligibility of applicant.* To be eligible for an RHS loan, the applicant must be a private or public nonprofit organization as defined in §1822.263 (a) or (b) which is authorized to provide housing sites on a nonprofit basis.

(1) If it is a private nonprofit organization as defined in §1822.263(a), it should also:

(i) Have a membership of at least 10 community leaders.

(ii) Plan to adopt, if it is being newly organized, articles of incorporation and bylaws that generally conform to model articles and bylaws provided by the State director which will be consistent with State law and with changes appropriate to the purposes and powers of an eligible applicant under this subpart.

(2) [Reserved]

(b) *Authorized representative of applicant.* The Farmers Home Administration (FmHA) or its successor agency under Public Law 103-354 will deal only with the applicant or bona fide rep-

7 CFR Ch. XVIII (1-1-07 Edition)

resentative or the applicant or the representative's technical advisors. An authorized representative of the applicant must have no pecuniary interest in the award of the engineering, architectural or construction contracts, necessary equipment, or the purchase or development of the land.

§ 1822.265 Loan purposes.

RHS loans may be made to qualified applicants:

(a) For the purchase and development of adequate sites, including the construction of essential access roads, streets, utility lines, and necessary equipment which will become a permanent part of the development. If public water and waste disposal facilities are not available and cannot reasonably be provided on a community basis with other financing, including FmHA or its successor agency under Public Law 103-354 Water and Waste Disposal Association loans, funds may be included for this purpose.

(b) For the payment of necessary engineering fees, legal fees, and closing costs.

(c) For the payment of actual cash cost of incidental administrative expenses such as postage, telephone, advertising, and temporary secretarial help, if funds to pay these expenses are not otherwise available. The estimated cost of these items should be identified and shown in the budget.

(d) To provide for needed landscaping, planting, seeding, or sodding, or other necessary facilities related to buildings such as walks, parking areas, and driveways.

(e) When legally required by proper local, county, and State Governmental bodies as a condition for subdivision approval, RHS loan funds may be used to provide common areas playgrounds and tot lots, provided such facilities are dedicated to, and maintained by, a public body.

(42 U.S.C. 1480; delegation of authority by the Sec. of Agri., 7 CFR 2.23; delegation of authority by the Asst. Sec. for Rural Development, 7 CFR 2.70)

[35 FR 16087, July 1, 1970, as amended at 43 FR 24264, June 5, 1978]